GOVERNMENT OF INDIA
MICRO,SMALL AND MEDIUM ENTERPRISES
LOK SABHA

STARRED QUESTION NO:361
ANSWERED ON:12.12.2016
Khadi and Village Industries Commission
Gupta Shri Sudheer;Kodikunnil Shri Suresh

Will the Minister of MICRO,SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) the aims and objectives of the Khadi and Village Industries Commission (KVIC) and the extent to which KVIC has been successful in achieving its aims and objectives;

(b) the details and salient features of Market Development Assistance Scheme being implemented by the Government for KVIC and funds allocated thereunder during the last three years and the current year;

(c) the number of KVIC units functioning in the country at present and the employment generated therefrom, State/ UT-wise;

(d) whether the Government is aware that Khadi garments and its other products are quite expensive and if so, the details thereof and the reasons therefor along with the corrective steps taken/proposed to be taken by the Government in this regard; and

(e) whether the Government has undertaken/proposes to undertake a review of the functioning of KVIC to make it more productive and result-oriented and if so, the details and the outcome thereof?

Answer

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI KALRAJ MISHRA)

(a) to (e): A statement is laid on the table of the House

STATEMENT REFERRED TO IN REPLY TO THE PART (a) to (e) OF LOK SABHA STARRED QUESTION No.*361 FOR ANSWER ON 12.12.2016

(a): Khadi and Village Industries Commission (KVIC) is one of the major organizations in the decentralized sector for generating sustainable non-farm employment opportunities in rural areas at a low per capita investment. KVIC undertakes activities like skill improvement, transfer of technology, research & development, marketing, etc. and helps in generating employment/self-employment opportunities in rural areas. The main objectives of KVIC include:-
(i) social objective of providing employment in rural areas;
(ii) economic objective of producing saleable articles; and
(iii) wider objective of creating self-reliance amongst people and building up a strong rural community spirit.
Khadi and Village Industries sector has helped the country in providing employment to a large number of persons and 397709 entrepreneurial units under Prime Minister's Employment Generation Programme (PMEGP) have been setup in the country till 30.11.2016.

(b): Market Development Assistance system, which was in operation till recently, provides for financial assistance to institutions @ 20% of the value of production of khadi and polyvastra, to be shared among artisans, producing institutions and selling institutions in the ratio 25:30:45. MDA provides institutions the flexibility to use the assistance for improving the outlets, products and production processes, besides giving incentive to customers, etc. This scheme has since been modified as Market Promotion Development Assistance (MPDA) scheme with effect from 14.8.2015. A new component of Infrastructure namely setting up of Marketing Complexes /Khadi Plazas has been added to expand the marketing net worth of Khadi & VI products. Under the modified MPDA scheme, Modified MDA (MMDA) is provided to institutions @ 30% of Prime Cost of khadi and polyvastra, to be distributed amongst Artisans (40%), Producing Institutions (40%) and Selling Institutions (20%), which will help the Artisans and Khadi Institutions thus resulting in the development of Khadi in the country. Funds allocated and released during the last three years and current under MDA/MPDA scheme is as under:
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Year R.E. (Rs. in crore) Funds released (Rs. in crore)
2013-14 139.80 126.94
2014-15 201.83 196.94
2015-16 148.40 147.48
2016-17 (BE) 341.63 312.17*
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*Upto 30.11.2016

(c): The number of KVI institutions functioning in the country is given at Annexure-I and the number of PMEGP units functioning in the country at present and the employment generated therefrom, State/ UT-wise is given at Annexure-II.

(d): No Madam, Khadi sector produces a wide range of Khadi fabrics catering to the masses as well as to the niche market. Of late Khadi has become "Khadi for Fashion" catering to high value Khadi garments. Government has taken steps to ensure that the Khadi garments cater to all categories of society especially the youth by involving reputed fashion designers and Fashion Design Institutes for meeting the quality and design of Khadi garments which would be acceptable to the youth.

(e): Ministry of MSME reviews the functioning and performance of KVIC from time to time. In the recent past, reviews have been held at the level of Minister on 18.03.2016, 07.06.2016 and 10.09.2016. Some of the important outcomes can be listed as follows:
i) An online application system has been made operational for disbursement of Market Development Assistance (MDA). Disbursement of financial assistance to KIs as well as Artisans is done directly to the bank accounts of the KIs and Artisans online under Direct Benefit Transfer (DBT) mode.
ii) KVIC provides interest subvention for the bank finance availed for meeting working capital requirement of KIs under the Interest Subsidy Eligibility Certificate (ISEC) Scheme. The subsidy under the scheme is remitted directly to the cash credit account of KIs online.
iii) Khadi certification process has been simplified and made online to enable new companies to start Khadi ventures.
iv) KVIC has started e-commerce platform for online marketing of Khadi products.
v) KVIC has introduced the Franchise system for setting up new outlets for extending the marketing network across the country.
vi) The implementation of the PMEGP has been made online. The entire process of application filing, processing of application, DLTFC meetings, sanction by banks, disbursement of margin money as well as transfer of margin money has been made online through PMEGP portal.